

NESPELEM SCHOOL DISTRICT NO. 14
Okanogan County, Washington
September 1, 1990 Through August 31, 1992

Schedule Of Findings

1. The District Should Establish And Document Eligibility

During our audit of the district's Impact Aid, Public Law 81-874 grant program, we evaluated their "Application For School Assistance In Federally Impacted Areas" for the fiscal years ended August 31, 1992 and 1991. On this application, the district claimed that all of its students were eligible to be counted for both years. District records of eligible students are not sufficient to verify this claim. We consider this condition to be a material weakness.

The district received funding based on assurances that all of its students resided on Indian lands as described in Public Law 81-874, Section 403(1)(A):

... real property held in trust by the United States for individual Indians or Indian tribes.

Some properties on the Colville Indian Reservation do not meet this criteria.

By not verifying the eligibility of individual students, the district may receive funding to which it is not entitled. Our audit revealed that three ineligible students were claimed on each application for the years ended August 31, 1992 and 1991.

This error was caused by the district's assumption that all students were eligible based on residence on the Colville Indian Reservation.

We recommend the district and U.S. Department of Education review this grant program and have the questioned costs reviewed per the requirements of the federal government grant regulations. We further recommend the district establish an internal control system to ensure that only students meeting the eligibility requirements are claimed.